

Message Text

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PAGE 01 STATE 093523

ORIGIN ARA-10

INFO OCT-01 ISO-00 EB-08 COME-00 SEC-01 L-03 IO-13
OES-06 INT-05 CIAE-00 INR-07 NSAE-00 JUSE-00 PA-01
PRS-01 USIE-00 INRE-00 /056 R

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APPROVED BY ARA/AND/B - MR. PACE

EB/ISM - WLEMHAN

-----261749Z 127471 /50

O 261714Z APR 77

FM SECSTATE WASHDC

TO AMEMBASSY LA PAZ IMMEDIATE

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E.O. 11652: N/A

TAGS: BDIS, BL

SUBJECT: ALLEGED PAYMENTS BY METAL TRADERS INC.

1. ARTICLE IN APRIL 25 ISSUE OF AMERICAN METALS MARKET ALLEGES THAT METAL TRADERS INC. MADE "SENSITIVE" PAYMENTS TO FOREIGN OFFICIALS AND ALSO ENGAGED IN BOTH OVERBILLING AND UNDERBILLING OF FOREIGN CUSTOMERS AND SUPPLIERS BETWEEN 1971 AND 1976. A TOTAL OF ABOUT \$180,000 WAS ALLEGEDLY PAID TO FOREIGN OFFICIALS FOR VARIOUS PURPOSES, INCLUDING FACILITATION OF METAL ORE PURCHASES FROM A FOREIGN GOVERNMENT AGENCY, OBTAINING FAVORABLE RULINGS ON TAX OBLIGATIONS OWED TO A FOREIGN GOVERNMENT, AS WELL AS \$7,800 IN GIFTS TO THE PERSONAL ASSISTANT OF A SENIOR FOREIGN GOVERNMENT OFFICIAL. THE ONE COUNTRY CITED BY NAME IN CONNECTION WITH THESE ALLEGED PAYMENTS IS BOLIVIA. ARTICLE DOES NOT SPECIFY WHETHER REPORTED UNDERBILLING AND OVERBILLING IN THREE FOREIGN COUNTRIES ALSO INVOLVES BOLIVIA.

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PAGE 02 STATE 093523

2. FYI: INFORMATION NOTED ABOVE WAS REPORTED TO SECURITIES AND EXCHANGE COMMISSION EARLIER THIS MONTH BY MERRILL LYNCH AND CO., WHICH IS JOINT OWNER OF METAL TRADERS WITH ANSCHUTZ CORPORATION. BOTH METAL TRADERS AND MERRILL LYNCH ARE INVOLVED IN ALLEGED PAYMENTS. IN LIGHT OF THESE ALLEGATIONS, WE UNDERSTAND SEC MAY LOOK INTO

INTERNATIONAL PAYMENTS OF PRINCIPAL TRADING COMPANIES.
THIS COULD INCLUDE PHILLIPS BROTHERS, WHICH DOES EXTENSIVE
BUSINESS IN TIN AND TUNGSTEN WITH COMIBOL. DEPARTMENT
UNDERSTANDS THAT METAL TRADERS IS LEADING PURCHASER OF
PRODUCTION FROM ANTIMONY MINES OF CHURGUINI ENTERPRISES,
OWNED BY WALTER ARAMAYO. METAL TRADERS IS ALSO REPORTED
TO BE PART OWNER OF COMSUR. IN 1976, THE UNITED STATES
PURCHASED 28 OF ITS ANITMONY ORE AND CONCENTRATES IMPORTS
FROM BOLIVIA.

3. ACTION REQUESTED: DEPARTMENT WOULD APPRECIATE PROMPT
REPORTING OF ANY LOCAL REACTION TO AMM STORY. DOES EMBASSY
HAVE ANY FURTHER INFORMATION ON ALLEGATIONS REPORTED ABOVE,
OR ON EXTENT OF METAL TRADERS INC. MINING AND PURCHASING
ACTIVITIES IN BOLIVIA?
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Control Number: n/a
Copy: SINGLE
Sent Date: 26-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
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SAS ID: 2689486
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TAGS: BDIS, BL
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